

Exhibit 7

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
JUDSON GUDGEL 12/17/2021

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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OKLAHOMA

GWACS ARMORY, LLC,)	
)	
Plaintiff,)	
)	
vs.)	Case Number
)	20-cv-0341-CVE-SH
KE ARMS, LLC, RUSSELL PHAGAN,)	BASE FILE
SINISTRAL SHOOTING,)	
TECHNOLOGIES, LLC, BROWNELLS,)	Consolidated with:
INC., and SHAWN NEALON,)	Case No.
)	21-CV-0107-CVE-JFJ
Defendants.)	
)	
and)	
)	
KE ARMS, LLC,)	
)	
Counterplaintiff,)	
)	
vs.)	
)	
GWACS ARMORY, LLC, GWACS)	
DEFENSE INCORPORATED, JUD)	
GUDGEL, RUSSELL ANDERSON, DOES)	
I through X, and ROE)	
CORPORATIONS I through X,)	
)	
Counterdefendants.)	

THE DEPOSITION OF JUDSON GUDGEL,
taken on the 17th day of December, 2021, at 9:00 a.m., on
behalf of the Plaintiff, GWACS, pursuant to Federal Rules
of Civil Procedure, at the law offices of Jones, Gotcher &
Bogan, 15 East Fifth Street, Suite 3800, Tulsa, Oklahoma,
before Linda Fisher, CSR-RPR, and Notary Public in and for
the State of Oklahoma.

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A p p e a r a n c e s

For the Plaintiff: MR. TADD J.P. BOGAN
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For the Defendants: MR. BRIAN R. HARDY
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Las Vegas, Nevada 89145
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Also present: MR. MIKE KENNEY

* * * * *

I-N-D-E-X

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1 Q. But "key employees" is the vernacular. So
2 we're talking about that. Okay?

3 A. Okay.

4 Q. So we -- it may be the four of you. Now are
5 the four of you all owners in GWACS Armory?

6 A. Russ is not.

7 Q. So there are three owners: Jud, Shel, and
8 Reed?

9 A. Correct.

10 Q. And what are the percentages of ownership?

11 A. I think it's 45 is Jud, 45 is Reed, and 10 is
12 Shel.

13 Q. Is Clayton Woodrum employed by GWACS Armory?

14 A. He's the -- he does all of our accounting,
15 handles all of our books and all of that. He's a
16 financial guy.

17 I think we call him the chief financial officer.
18 But there's no technical term other than that.

19 Q. Is he exclusively employed by GWACS Armory or
20 does he have other employment as well?

21 A. No, he has his own firm, Woodrum, Tate, and
22 Associates, or something like that. He does -- he's an
23 outside CFO for a lot of people but they do accounting and
24 stuff like that.

25 Q. Normal contract employee?

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1 correct.

2 Q. (By Mr. Hardy) That Armory would acquire and
3 they would send them over to Defense?

4 A. They never sent anything over to Defense.
5 You--

6 Q. Okay. Let me be clear. I appreciate that.
7 But somehow, okay, you've now got an expense, right?
8 Generally, when a company has an expense, they try to at
9 least cover the cost of that expense through contract or
10 whatever. Most companies try not to operate at a loss.
11 Can we agree with that?

12 A. Sure.

13 Q. And so, you know, you've now incurred thousands
14 of dollars of expenses because you've got firearms and
15 you've got work that's done on those firearms. What
16 revenues did you have to cover those costs?

17 A. Those revenues, I believe, -- and it's been
18 years -- were covered by leasing but we actually paid rent
19 on those from the contract to the Marine Corps.

20 Q. Okay.

21 A. So those were -- those were -- those were
22 leased. They were -- it was cash that did go into it from
23 the contract.

24 Q. So and that's my question. So let's go -- you
25 make the initial investment. It would say the contract

1 required three AR-15s so you would go in, make the
2 conversion to full auto and then whatever that cost was,
3 you know, if it was \$5,000, there would be a lease that
4 would -- a lease, or some type of agreement, that would
5 cover that from Defense so that it wasn't a loss?

6 A. I didn't -- I don't handle the accounting.
7 That was Clayton. So I don't know exactly how that
8 happened, but, yeah.

9 Q. All right. But at the end of the day, you
10 believe in 2010, you believe it was a break even zero?

11 A. Oh, yeah. I'm -- that's my -- I believe so.

12 Q. In 2011, you believe the same thing?

13 A. I believe so, yeah. It wasn't until we could
14 go through them until we were doing revenue on the CAV-15.
15 They were probably the same thing.

16 Q. Why don't you give me the date. Give me the
17 year when you started to see revenues.

18 MR. BOGAN: Object to form.

19 A. I'm -- I don't know positively because it was
20 probably in '13. It was late '12 or '13 when we got the
21 manufacturing up, I believe.

22 Q. (By Mr. Hardy) All right. So sometime in
23 either late 2012 or early 2013, Armory began to see its
24 first positive revenues, is that a fair statement?

25 A. Uh-huh.

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1 CERTIFICATE

2 STATE OF OKLAHOMA)

3 COUNTY OF TULSA) ss.

4 I, Linda Fisher, a Certified Shorthand
5 Reporter, Registered Professional Reporter, and Notary
6 Public in the State of Oklahoma, do hereby certify that on
7 the 17th day of December, 2021, at the law offices of
8 Jones, Gotcher & Bogan, P.C., 15 East Fifth Street, Suite
9 3800, Tulsa, Oklahoma, pursuant to Federal Rules of Civil
10 Procedure, appeared the above witness, JUDSON GUDGEL, who
11 was by me first duly sworn to testify the truth, the whole
12 truth, and nothing but the truth in the case aforesaid,
13 and that the deposition by him was reduced to writing by
14 me in stenograph, and thereafter transcribed by me, and is
15 fully and accurately set forth in the preceding pages.

16 I do further certify that I am not related to
17 nor attorney for any of the said parties, nor otherwise
18 interested in the event of said action.

19 WITNESS my hand and official seal this 30th day
20 of December, 2021.

21
22
23
24 Linda Fisher, CSR-RPR #866
25

